

Larry E. Craig, Chairman  
Jade West, Staff Director  
No. 71

# Legislative Notice

Editor, Judy Gorman Prinkey

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## **S. 2159 — Agriculture, Rural Development, FDA, and Related Agencies Appropriation Bill 1999**

Calendar No. 409

Reported from the Senate Appropriations Committee on June 11, 1998, by a vote of 27-0.  
S. Rept. 105-212.

### **NOTEWORTHY**

- S. 2159 provides \$56.81 billion in new budget authority for agriculture, rural development and nutrition programs, and some related agencies. This is \$966.6 million less than the budget request and \$7.06 billion more than FY98, with most of the increase attributable to mandatory payments to the Commodity Credit Corporation. The amount falls within the subcommittee's 302(b) allocation. [See attached chart.]
- The bill contains \$43.5 billion in mandatory spending programs such as food stamps (\$23.8 billion), child nutrition (\$9.2 billion), payments to the Federal Crop Insurance (\$1.5 billion) and Commodity Credit Corporations (\$8.4 billion). Discretionary spending totals \$13.7 billion.
- The domestic food assistance portion of the bill (food stamps, child nutrition, WIC nutrition program, commodity and other food assistance) totals \$37.3 billion, about two-thirds of the total funding in the bill.
- The bill places a spending limitation on the Fund for Rural America, a program created by the 1996 farm law. Senator Daschle is expected to offer an amendment to restore funding.
- Funding at the FY98 level (\$34 million) is provided for FDA's initiative to reduce under-age tobacco use. Democrats may offer an amendment to increase that funding to the President's request of \$100 million.
- The bill amends the Arms Control Act to exempt Agriculture Department food export credit programs from arms control economic sanctions for countries violating the act's prohibitions against nuclear proliferation (this provision currently affects India and Pakistan).

## Appropriations Breakdown by Title (in millions)

Appropriation Account	FY 1998 Level	Senate Committee
Title I — Agricultural Programs	\$ 6,940.2	\$14,316.9
Title II — Conservation Programs	786.5	791.9
Title III — Rural Econ/Commun Devlpmt	2,087.2	2,172.4
Title IV — Domestic Food Programs	37,222.5	37,317.4
Title V — Foreign Asst. Programs	1,725.7	1,198.7
Title VI — Related Agencies and FDA (plus payments, CFTC, & FCA)	991.0	1,016.3
Total, new budget (obligational) authority	\$ 49,753.1	\$56,813.5

(see detailed breakdown on attached chart)

## BILL PROVISIONS

### Agricultural Programs

- **Total Funding:** Title I appropriates a total of mandatory and discretionary funding at \$14.3 billion for various agricultural programs. Of this total, \$8.4 billion goes to the Commodity Credit Corporation and \$1.5 billion goes to the Federal Crop Insurance Corporation. The remainder funds the agricultural research, executive operations, agricultural marketing services, cooperative state research, extension service, animal and plant health inspection, food safety and inspection, and farm assistance programs.
- **Commodity Credit Corporation (CCC):** Funds CCC at an amount not to exceed \$8.439 billion for net realized losses incurred from the commodity price and farm income support activities. This is a \$7.6 billion increase over last year for this mandatory account and is largely responsible for the total bill's increase over 1998. The President's budget also requested \$8.439 billion for FY99. Commodities such as wheat and barley are experiencing low prices this year, sales to Asian markets are dwindling, and farmers in the upper Plains are fighting crop disease. The Conservation Reserve Program (CRP) continues through FY 2002, with up to 36.4 million acres enrolled at any one time. The Wetlands Reserve Program is reauthorized through FY 2002, not to exceed 975,000 acres in total enrollment. The cost-share assistance program, EQIP (established to assist crop and livestock producers in dealing with environmental and conservation improvements on the farm) is funded at \$200 million annually through 2002.

- ***Federal Crop Insurance Corporation Fund:*** Recommends an appropriation of such sums as necessary, estimated to be \$1.5 billion. This is the same as the budget request, and \$80.1 million less than last year for this program which was designed to replace the combination of crop insurance and ad hoc disaster payment programs with a strengthened crop insurance program. All program costs for 1999, except for federal salaries and expenses, are mandatory expenditures subject to appropriations.
- ***Food Safety and Inspection Service (FSIS):*** The President's budget requested \$149.6 million in direct appropriations, to be supplanted by \$573.4 million in new user fees. These fees have not been approved by the authorizing committee and signed into law, and therefore they are not assumed in the appropriations bill. To compensate for this loss in food safety inspection funds, the bill appropriates \$605 million for FSIS to adequately support meat and poultry inspections and the implementation of the Hazard Analysis Critical Control Program (HACCP). This is a \$16 million increase over FY98.

## Conservation Programs

- ***Conservation Programs:*** The bill increases funding to \$791.2 million for the Natural Resources Conservation Service (\$5.4 million above FY98 and \$34.5 million less than the request), including \$638.2 million for operations, \$11.2 million for watershed surveys and planning, \$101 million for watershed and flood development, \$34.4 million for resource conservation and development, and \$6.3 million for the forestry incentives program.

## Rural Economic and Community Development Programs

- ***Rural Development Programs:*** The bill provides \$700 million, an increase of \$48 million over last year, for the Rural Community Advancement Program (RCAP), which was created in the 1996 Farm Bill. This increase was necessary to maintain the 1998 program level for water and sewer loans essential to rural communities throughout the nation as a result of increased loan subsidy costs. RCAP is made up of: direct and guaranteed water and waste disposal loans; water and waste disposal grants; emergency community water assistance grants; solid waste management grants; direct and guaranteed business and industry loans; rural business enterprise grants; and community facility loans and grants.
- ***Rural Housing and Community Development Service Programs:*** The Rural Housing Service (RHS) was established in 1995. Its programs were previously administered by the Farmers Home Administration and the Rural Development Administration. The Senate bill provides a total of \$4.3 billion for loan authorizations, including \$4 billion for single-family (section 502) direct and guaranteed loans; and \$128.6 million for section 515 rental housing loans. It also includes \$583.4 million for rental assistance (the full request and an increase of \$42 million over last year).

- ***Rural Business-Cooperative Service Programs (RBS):*** RBS was created in 1995. The Committee recommends \$54.5 million for the Rural Business-Cooperative Service, including loan subsidies and grants. Of this amount, a total loan level of \$33 million is recommended for rural development loans and \$23 million for rural economic development loans.
- ***Rural Utilities Service (RUS):*** The RUS was established under the Department of Agriculture Reorganization Act of 1994 to administer the electric and telecommunications programs of the former Rural Electrification Administration and the water and waste programs of the former Rural Development Administration. The bill provides a total loan authorization level of \$1.5 billion for electric and telecommunications loans, \$92 million more than FY98. The increase was provided to maintain FY98 subsidy levels. Also, the bill provides \$12.7 million for the distance learning and medical link grant program.

## Domestic Food Programs

- ***Food Stamp Program:*** Appropriates a total of \$23.78 billion, \$1.4 billion less than FY98 and \$920 million less than the budget request. Of the amount provided, \$100 million is available as a contingency reserve, which is the same as FY98 and \$900 million less than the contingency reserve level proposed in the budget request.
- ***Women, Infants and Children (WIC) Feeding Program:*** Recommends an appropriation of \$3.92 billion for WIC, which is the same as last year, but \$157 million less than the budget request. The Committee does not provide the \$20 million included in the budget request to create a program contingency reserve.
- ***Child Nutrition Programs:*** To improve the health and well-being of the nation's children, the child nutrition programs include school breakfast and lunch programs, child and adult care food programs, summer food services, and nutrition education and training programs. In addition, the special milk program provides funding for milk service in schools, nonprofit child care centers, and camps which have no other federally assisted food programs. For these programs, the Committee provides an appropriation of \$4.17 billion, plus a transfer from section 32 of \$5.0 billion, for a total program level of \$9.22 billion, which is \$1.4 billion more than last year and \$10 million less than the request.

## Foreign Assistance and Related Programs

- ***Foreign Agricultural Service:*** Provides \$136.1 million, \$500,000 more than FY98, and \$9.5 million less than the request. The Committee provides \$3.5 million for the Cochran Fellowship Program and continues funding at the FY98 level (\$29 million) for the Foreign Market Development Cooperator Program. In report language, the Committee strongly urges the Secretary to fully utilize the Dairy Export Incentive Program and requests quarterly progress reports to the Committee.

- **Public Law 480 (Food for Peace):** Recommends a total program level of \$1.09 billion for the three main programs under P.L. 480, which serve as the primary means for the U.S. provision of food assistance overseas. This level is \$23.4 below FY98, and \$109.5 million more than the request. The bulk of the funds (\$837 million) is for grants under Title II for food aid for humanitarian relief through private voluntary organizations or through multilateral organizations like the World Food Program.

## Related Agencies

- **Food and Drug Administration (FDA):** The bill provides for a total level of \$1.09 billion for salaries and expenses. The budget request assumed an additional \$127.7 million in collections available for FDA for 1999 from proposed new user fees, but they were not authorized by law. The direct appropriation for salaries and expenses is \$940.4 million. This includes \$82.9 million for rental payments for FDA facilities to the General Services Administration. An additional \$132.3 million from the Prescription Drug User Fee Act user fees and \$14.4 million from mammography clinics user fees is authorized for salaries and expenses, for a total for salaries and expenses of \$1.09 billion. Another direct appropriation of \$12.4 million is added for building and facilities, bringing the total direct appropriation to \$952.7 million.

The Committee includes \$34 million for youth tobacco initiatives and \$133.3 million for FDA food safety initiatives, both at the FY98 levels.

- **Commodity Futures Trading Commission:** Appropriates \$61 million, which is \$2.9 million above last year and \$2.4 million less than requested.
- **Farm Credit Administration:** Recommends no limitation on administrative expenses, the same as the request.

## General Provisions

- Adds a new provision (section 738) to amend the Arms Export Control Act to exempt certain programs of the Department of Agriculture from sanctions provisions relating to prohibitions on credit, credit guarantees, or other financial assistance for countries violating the act's prohibitions on nuclear proliferation.

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## **COST**

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CBO estimates that the bill would result in outlays of \$41.1 billion in FY 99, \$6.1 billion in FY 2000, \$594 million in FY 2001, \$334 million in FY 2002, and \$462 million in FY 2003 and future years.

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## **ADMINISTRATION POSITION**

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No official Administration position was available at press time.

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## **POSSIBLE AMENDMENTS**

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Daschle. Restore funding for the Fund for Rural America.

Faircloth/Bennett. Placing a temporary moratorium on any rulemaking by the CFTC that would place additional regulations on over-the-counter derivatives [financial instruments often called "swap contracts"].

Democrat. Provide additional funds for anti-tobacco initiatives.

Democrat. Increase funds for food safety.

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## Agriculture Appropriations, FY 1999 (SELECTED PROGRAMS)

Appropriation Account	FY 1998 Level	President's Request	Senate Committee
<b>Agriculture Programs</b>			
Agricultural Research Service	\$825,012,000	\$812,728,000	\$813,351,000
Cooperative State Research, Educ., Extension	854,788,000	831,240,000	868,963,000
Animal and Plant Inspection	430,132,000	422,952,000	428,673,000
Food Safety & Inspection Service	588,761,000	149,566,000	605,149,000
Crop Insurance Corp. Fund	1,584,135,000	1,504,036,000	1,504,036,000
Commodity Credit Corp. (CCC) Fund	783,507,000	8,439,000,000	8,439,000,000
Agricultural Credit Insur. Fund	325,558,000	338,251,000	316,407,000
<i>Loan authorization</i>	(2,400,693,000)	(2,991,034,000)	(2,368,250,000)
Farm Service Agency	702,129,000	727,928,000	713,292,000
<b>Subtotal (total, Title I)</b>	<b>6,940,232,000</b>	<b>13,916,292,000</b>	<b>14,316,921,000</b>
<b>Conservation Programs</b>			
Natural Resource Conservation Service	785,781,000	825,608,000	791,159,000
<b>Subtotal (total, Title II)</b>	<b>786,474,000</b>	<b>826,327,000</b>	<b>791,852,000</b>
<b>Rural Development Programs</b>			
Rural Housing Service	1,254,002,000	1,288,246,500	1,284,481,000
<i>Loan authorization</i>	(4,219,527,000)	(4,347,116,000)	(4,284,398,000)
Rural Business-Cooperative Service	55,028,000	57,048,000	54,578,000
<i>Loan authorization</i>	(60,000,000)	(50,000,000)	(56,000,000)
Rural Utilities Service	118,407,000	123,039,500	125,556,000
<i>Loan authorization</i>	(1,745,000,000)	(1,400,000,000)	(1,801,500,000)
<b>Subtotal (total, Title III)</b>	<b>2,087,222,000</b>	<b>2,194,117,000</b>	<b>2,172,404,000</b>
<i>Loan authorization</i>	(6,024,527,000)	(5,797,116,000)	(6,141,898,000)
<b>Domestic Food Programs</b>			
Food stamps program	25,140,479,000	24,701,806,000	23,781,806,000
Child nutrition programs	7,767,816,000	9,229,897,000	9,219,897,000
Women, Infants, and Children	3,924,000,000	4,081,000,000	3,924,000,000
<b>Subtotal (total, Title IV)</b>	<b>37,222,519,000</b>	<b>38,442,205,000</b>	<b>37,317,407,000</b>
<b>International Programs</b>			
PL480 (Food for Peace)	1,063,054,000	967,000,000	1,063,054,000
<i>Program level</i>	1,111,508,000	978,558,000	1,088,083,000
CCC export loan	531,366,000	257,085,000	3,820,000
<b>Subtotal (total, Title V)</b>	<b>1,725,715,000</b>	<b>1,365,172,000</b>	<b>1,198,669,000</b>
<b>Related Agencies</b>			
Food and Drug Administration	925,145,000	970,100,000	952,717,000
<b>Subtotal (total, Title VI)</b>	<b>990,974,000</b>	<b>1,036,025,000</b>	<b>1,016,282,000</b>
<b>GRAND TOTAL</b>			
New budget authority	\$49,912,936,000	\$57,780,138,000	\$56,813,535,000
<i>Loan authorization</i>	(14,012,620,000)	(13,403,150,000)	(8,510,148,000)